

Message Text

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FM AMEMBASSY SAN JOSE

TO SECSTATE WASHDC 7072

C O N F I D E N T I A L SAN JOSE 1914

EXDIS

PLEASE PASS SECURITY AND EXCHANGE COMMISSION

E.O. 11652: GDS

TAGS: EIND, CS

SUBJECT: SEC INQUIRY

REF: (A) SAN JOSE 1771

(B) SAN JOSE 1733

(C) SAN JOSE 1723

(D) STATE 082203

1. UPON RE-EXAMINATION OF PUBLIC REGISTRY EMBASSY FOUND AN ENTRY FOR "BUQUES CENTROAMERICANOS SOCIEDAD ANONIMA". THE ENTRY, WHICH WAS MADE ON 19 OCTOBER 1973, APPEARS IN TOMO 125, FOLIO 281.

2. ACCORDING TO THE ENTRY, THERE ARE 1,000 NOMINATIVE SHARES OF COMMON STOCK VALUED AT \$10 EACH FOR INITIAL PAID IN CAPITAL OF \$10,000. THE STOCK IS DIVIDED INTO TWO GROUPS, A AND B, EACH OF WHICH ENJOYS EQUAL RIGHTS WITH THE OTHERS. INITIAL OWNERSHIP OF STOCK ISSUED IS LISTED AS FOLLOWS: 400 SHARES OF GROUP A STOCK AND 125 SHARES OF GROUP B STOCK BY HENRY SHARMAN (SHANFIELD) OF NEW YORK, U.S. PPT F 694231; 100 SHARES OF GROUP A STOCK BY HUGH MARKEY (MILLER-JONES) OF NEW YORK, U.S. PPT H 445921; 190 SHARES OF GROUP B STOCK BY MANUEL ANTONIO PADILLA (JIMENEZ) OF SAN JOSE, COSTA RICA ID NO. 1-150-419, AND 185 SHARES OF GROUP B STOCK BY LUIS FELIPE MAYORGA (PANAGUA) OF SAN JOSE, CONFIDENTIAL

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COSTA RICA ID NO. 1-114-2127 (MATRONYMICS SHOWN IN

PARENS).

3. THE CORPORATION'S BOARD OF DIRECTORS IS CONSTITUTED AS FOLLOWS: PRESIDENT, MANUEL ANTONIO PADILLA; VICE PRESIDENT, HUGH MARKEY; TREASURER, HENRY SHERMAN; SECRETARY, LUIS FELIPE MAYORGA; AND (FISCAL), MARIA ISABEL PASTOR (SOLIS). THE NOTARY PUBLIC WHO TOOK CARE OF THE REGISTRY ENTRY IS JORGE VILLALOBOS (DOBLES).

4. AMONG SOME OF THE MORE INTERESTING PROVISIONS SET FORTH IN THE REGISTRATION ARE THE FOLLOWING:

A. THE SHARE ARE NOMINATIVE--NOT BEARER AS USUALLY THE CASE IN COSTA RICA.

B. FIRST PRIORITY FOR SALE OF STOCK IS GIVEN TO HOLDER OF THE SAME GROUP OF STOCK (I.E. A AND B). (ONLY SHERMAN HOLDS BOTH A AND B STOCK.)

C. ELABORATE RULES AJZ SET DOWN FOR THE SALE OF STOCK; HOWEVER, THESE DO NOT APPLY TO THE INITIAL SALE OF UP TO 520 SHARES, AND

D. SITES STIPULATED FOR ORDINARY MEETINGS OF BUQUES CENTROAMERICANOS S.A., WHICH IS DOMICILED IN SAN JOSE, ARE SAN JOSE, NEW YORK, MIAMI, OR SAN SALVADOR.

5. SEC'S ATTENTION IS ALSO DRAWN TO SAN JOSE 1733 AND SAN JOSE 1771 CONCERNING A REQUEST BY BUQUES CENTRO-AMERICANOS FOR ASSISTANCE IN OBTAINING AN EXPORT LICENSE FOR A SHIPMENT OF BUNKER C FUEL FROM THE WEST COAST OF THE UNITED STATES TO COSTA RICA. THE SHIPMENT WAS ORDERED BY THE STATE REFINERY, RECOPE, FOR RESALE TO THE ELECTRIC POWER INSTITUTE, ICE AND A LARGE FERTILIZER MANUFACTURER, FERTICA.

6. ACCORDING TO A SENSITIVE SOURCE IN RECOPE, IN THIS TRANSACTION--AND PRESUMABLY IN OTHERS-- BUQUES' FUNCTION WAS PRINCIPALLY THAT OF PROVIDING A MECHANISM BY WHICH MEMBERS OF EX-PRESIDENT FIGUERES' IN-GROUP COULD RECEIVE CONFIDENTIAL

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A RAKE OFF FROM RECOPE'S OPERATIONS. RECOPE HAD A LEGITIMATE NEED FOR THE FUEL, SO IN THAT SENSE THE TRANSACTION WAS LEGITIMATE. HOWEVER, BUQUES PROVIDED THE SERVICE OF LOCATING THE SUPPLY AND ARRANGING CHARTERING AT A COST TO RECOPE ABOVE GOING RATES, AN UNNECESSARY COST WHICH IN ONE FORM OR ANOTHER WOULD ULTIMATELY BE PASSED ON TO THE CONSUMER.

7. THE SOURCE CLAIMED THAT EX-MINISTER OF ECONOMY (AND AT LEAST AT THE PRESENT TIME, CHIEF EXECUTIVE OFFICER OF RECOPE) GASTON KOGAN HAS A FINANCIAL INTEREST IN THE COMPANY. THE SAME SOURCE CLAIMED THAT BUQUES IS AFFILIATED WITH THE FRETHEIM NAESS CHARTERING CORP. OF NEW YORK.

8. NEITHER THIS SOURCE NOR ANOTHER SOURCE IN AN AMERICAN OIL COMPANY FAMILIAR WITH BUQUES HAD HEARD OF ANY VESCO INVOLVEMENT WITH THE COMPANY.

9. A COPY OF THE PUBLIC REGISTRY ENTRY IS BEING POUCHED TO ARA/CEN/CR. THIS DOCUMENT, AS WELL AS SUMMARY PROVIDED IN PARAGRAPHS 1 THROUGH 4 OF THIS CABLE, OF COURSE, ARE UNCLASSIFIED. PLEASE NOTE THAT THE INSCRIBED NAME OF THE COMPANY DIFFERS SLIGHTLY FROM THAT PROVIDED IN REFERENCE D. LANE

NOTE BY OC/T: NOT PASSED SEC.

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